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IN THE

# Supreme Court of the United States

October Term, 1968

No. 1151

**BROADVIEW CHEMICAL CORPORATION,**

*Petitioner,*

vs.

**LOCTITE CORPORATION,**

*Respondent.*

## PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

GRANGER COOK, JR.
DAVID A. ANDERSON

HUME, CLEMENT, HUME & LEE
38 South Dearborn Street
Chicago, Illinois 60603

*Attorneys for Petitioner*

*Of Counsel:*

JAMES P. HUME
HENRY L. BRINKS

TWENTIETH CENTURY PRESS, INC., CHICAGO 60606

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Petitioner, Broadview Chemical Corporation, prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit, entered in the above-entitled cause on January 23, 1969.

## OPINIONS BELOW

The opinion of the United States District Court for the District of Connecticut is reported at 159 U.S.P.Q. 80, and is printed in the Appendix, pp. A-28 to A-41. The opinion of the court of appeals, reported below at —— F.2d ——, 160 U.S.P.Q. 449, is printed in the Appendix, pp. A-42 to A-53.

## JURISDICTION

The judgment of the court of appeals was entered January 23, 1969. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

## QUESTIONS PRESENTED FOR REVIEW

**(1) Did the Court of Appeals for the Second Circuit act contrary to public policy and commit reversible error in refusing to hold that Respondent is estopped from asserting contempt of court for compositions similar in all significant respects to those deliberately excluded from Respondent's infringement charge?**

**(2) Did the Court of Appeals for the Second Circuit deny the Petitioner due process of law by refusing to compel the district court to consider the prior art in a contempt proceeding brought to enforce a consent decree?**

## CONSTITUTIONAL PROVISION INVOLVED

The constitutional provision involved is Amendment Five, which reads as follows:

> No person shall . . . be deprived of life, liberty, or property, without due process of law . . . .

## STATEMENT OF THE CASE

The Petitioner, Broadview Chemical Corporation, is the only significant competitor of the Respondent in the field of anaerobic sealant compositions. These compositions have the property of remaining liquid in the presence of air, while losing their liquidity and setting up in the absence of air. They are therefore useful when it is desired to seal two components together, such as a nut and a bolt.

The Respondent, Loctite Corporation, is the owner of several patents relating to anaerobic sealants. Respondent has refused to license these patents, preferring to use them to maintain an exclusive position in the industry. The present litigation was initiated by the filing of a declaratory judgment action under 28 U.S.C. § 2201, seeking a declaration of invalidity and non-infringement of three of Respondent's patents. Petitioner supplied the complete formulations for his sealant compositions (A-8) to the Respondent, and, based upon these formulations, the parties entered into a Stipulation of Facts (A-1), which defined the "infringement charge." This "infringement charge" may be summarized as follows:

| LOCTITE PATENTS | BROADVIEW FORMULATIONS CHARGED TO INFRINGE |
|---|---|
| '950 patent | III, V-XXVIII, XXX-XXXII |
| '820 quinone patent | IV-VI, IX-XII, XVI, XXIV-XXVI, XXXII |
| '262 saccharin patent | II, III, V, VI |

As the above table shows, the infringement charge made it perfectly clear that Loctite's patents were considered to be separate entities, and that only certain particular Broadview formulations were charged to infringe each patent. The following table summarizes the information supplied to the Respondent, which was used to define the infringement charge and the issues in this litigation.[1] As the table demonstrates, this was not a haphazard infringement charge, but was founded on a definite correspondence to the components of Broadview's formulations.

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[1] The complete Broadview formulations, as supplied to the Respondent, are set out in Appendix, page A-8.

## SUMMARY OF BROADVIEW FORMULATIONS

| Formula No. | SR-210 (Monomer) | SR-206 (Monomer) | Formamide Salt of Saccharin in Formamide | Hercules CHP (Cumene Hydroperoxide) |
|---|---|---|---|---|
| I | YES | NO | NO | NO |
| ‡ II | YES | NO | ‡ YES | NO |
| ‡ * III | YES | NO | ‡ YES | * YES |
| † IV | YES | † YES | NO | NO |
| ‡†* V | YES | † YES | ‡ YES | * YES |
| ‡†* VI | YES | † YES | ‡ YES | * YES |
| * VII | YES | NO | NO | * YES |
| * VIII | YES | NO | NO | * YES |
| †* IX | YES | † YES | NO | * YES |
| †* X | YES | † YES | NO | * YES |
| †* XI | YES | † YES | NO | * YES |
| †* XII | YES | † YES | NO | * YES |
| * XIII | YES | NO | NO | * YES |
| * XIV | YES | NO | NO | * YES |
| * XV | YES | NO | NO | * YES |
| †* XVI | YES | † YES | NO | * YES |
| * XVII | YES | NO | NO | * YES |
| * XVIII | YES | NO | NO | * YES |
| * XIX | YES | NO | NO | * YES |
| * XX | YES | NO | NO | * YES |
| * XXI | YES | NO | NO | * YES |
| * XII | YES | NO | NO | * YES |
| * XXIII | YES | NO | NO | * YES |
| †* XXIV | YES | † YES | NO | * YES |
| †* XXV | YES | † YES | NO | * YES |
| †* XXVI | YES | † YES | NO | * YES |
| * XXVII | YES | NO | NO | * YES |
| †* XXVIII | YES | † YES | NO | * YES |
| XXIX | YES | NO | NO | NO |
| * XXX | YES | NO | NO | * YES |
| * XXXI | YES | NO | NO | * YES |
| †* XXXII | YES | † YES | NO | * YES |

†—Charged to infringe the '820 quinone patent
‡—Charged to infringe the '262 saccharin patent
*—Charged to infringe the '950 patent

Thus, only those formulations containing saccharin were charged to infringe the '262 saccharin patent; only those formulations containing SR-206 were charged to infringe the '820 quinone patent; and only those formulations containing cumene hydroperoxide were charged to infringe the '950 patent. That formulations I and XXIX were excluded from the "infringement charge" was confirmed by the settlement agreement (A-5-7), entered into by the parties in order to settle the litigation. At the same time, the parties entered into a consent decree in which the Petitioner consented to the validity and past infringement of the Loctite patents in suit.

Subsequent to the consent decree, Broadview marketed a new line of formulations, designated CP-1 through CP-9. CP-8 and CP-9 were identical to formulations I and XXIX, which were entirely excluded from the infringement charge. CP-1 through CP-7 were compounded to avoid infringement in light of the infringement charge. For example, the cumene hydroperoxide was eliminated to avoid infringement of the '950 patent and the SR-206 was eliminated to avoid infringement of the '820 quinone patent.[1]

Not satisfied by all of these changes, the Respondent initiated a contempt proceeding based upon the aforementioned consent decree on September 21, 1967, charging infringement of the '820 quinone and '262 saccharin patents by Broadview's new formulations CP-1 through CP-9. The court of appeals affirmed the decision of the trial court as to formulations CP-1 through CP-7, but reversed the trial court as to formulations CP-8 and CP-9, because they correspond exactly to Broadview's formulations I and XXIX, which were excluded *entirely* from the infringement charge.

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[1] An amine was also employed in the compositions, which Petitioner believed would avoid infringement of the '262 saccharin patent, the claims of which stated that the composition is "free of amines." However, this modification involved issues of file wrapper estoppel not presented in this Petition.

However, the court of appeals did not adopt Petitioner's argument that Loctite is now estopped from charging infringement by compositions similar in all significant respects to those excluded from the original infringement charge for the '820 quinone patent.

At the contempt proceeding before the district court, Petitioner attempted to show that his compositions were in the prior art, and therefore part of the public domain which is free of any patent monopoly. Specifically, petitioner directed interrogatories 86-87 (A-9-11) and 93-94 (A-12) to the Respondent, seeking to determine whether or not compositions similar to the Petitioner's accused compositions were in the public domain. Petitioner further sought to determine whether or not Respondent contended that such compositions were an infringement and a violation of the consent decree. All of these interrogatories were objected to by the Respondent.

In support of his objections, counsel for Respondent cited *Chemical Cleaning, Inc.* v. *Dow Chem. Co.*, 379 F.2d 294 (5th Cir. 1967), arguing that, under this authority, prior art could not be introduced to interpret the scope of the claims involved in a contempt proceeding. Relying on *Dow*, the court sustained Respondent's objections to Petitioner's interrogatories 86 and 87. In the belief that this was the position of the court, Petitioner's attorney did not press for answers to these interrogatories at that time, but permitted the trial court to go on to consideration of interrogatories 93 and 94. Again the *Dow* case was raised by Respondent's counsel, and the following colloquy took place:

> MR. AMES [counsel for Loctite]: First of all, I might just quote to you the case that we just pulled out, the Dow Chemical Case.
>
> It says, "Furthermore, proof that CCI"—that was the infringer—"was practicing an expired patent

should have been adduced at the original infringement proceedings".

This is a contempt, a motion to punish for contempt, and CCI the infringer said, "Oh, but we are practicing something in the prior art" and it was not. The Court of Appeals for the Fifth Circuit a half-year ago said, no—.

THE COURT: *Too late now.*

MR. AMES: Too late.

THE COURT: All right. That's another point.

MR. SWEENEY: There was no hearing on any of these points.

THE COURT: *That is just a case of being estopped, you can't raise it now. If we are going to raise something now that can't be decided and ought not to raise it at all, why get into it?* [Emphasis added.]

The trial court thus made it clear that, based on the decision in *Dow,* inquiry into the prior art would not be permitted. It is submitted that the trial court committed a reversible error of law in so ruling.

This error of law was urged upon the court of appeals, but was given short shrift in the court's opinion. Dealing with the trial court's refusal to permit inquiry into the prior art in a brief paragraph, the court of appeals reached the following conclusion (A-48-49):

> Having examined the pertinent portions of the record, we find that Judge Blumenfeld actually placed no restrictions like those now suggested upon Broadview's inquiries. Two of the four interrogatories in question were answered to the expressed satisfaction of Broadview's attorney. The same attorney suggested that rulings on the other two be deferred. His failure thereafter to revive the matter, reflecting its essential triviality, can scarcely ground a claim of error by the district judge.

This refusal by the court of appeals to review this error simply cannot be justified in light of the record taken as a whole, and of the strong public policy, as discussed hereinafter, in favor of securing to the public the right to that which is in the public domain. Taken in the context of the proceedings,[1] and particularly in the context of the court's strong reliance on *Dow,* the expression of satisfaction by Petitioner's counsel can only be taken to mean that he was satisfied that he would not get any answers to his interrogatories in the light of the trial court's reliance on *Dow.* Furthermore, the failure to resume attempts to obtain answers to interrogatories that had been deferred also appeared equally fruitless to Petitioner's counsel, again in view of the trial court's statement that it was "Too late now" for inquiry into and consideration of the prior art. To attach any higher importance to the statements of Petitioner's attorney would be to elevate form over substance in overlooking the serious error of the district court which the court of appeals failed to appreciate.

## REASONS FOR GRANTING THE WRIT

**A. Sound public policy against piecemeal litigation and splitting causes of action compels a holding that a party should not be permitted to deliberately exclude compositions from an infringement charge and settlement agreement, and thereafter to assert that similar compositions are in contempt of court.**

With respect to Respondent's '820 quinone patent, only those Broadview formulations that contained a certain component—the SR-206 monomer—were charged to infringe.

[1] It is best to read the full transcript with respect to the interrogatories involved in order to appreciate the force with which the trial court rejected Petitioner's interrogatories, and the court's complete reliance on *Dow.* For the convenience of this Court, the transcript relating to these interrogatories is set out in full in the Appendix, pages A-13 to A-27.

Those that contained only the SR-210 monomer were not so charged. In reliance on this charge, Petitioner abandoned the use of SR-206, and employed SR-210 exclusively. Thereafter, Respondent successfully asserted that, despite this change, Petitioner's new formulations were infringements of the '820 quinone patent, and therefore in contempt of court.

Although disclaiming any estoppel theory, the court of appeals in effect found that an estoppel applied to Respondent, but that it was limited to Broadview's formulations CP-8 and CP-9, which were not initially charged to infringe *any* of Respondent's patents. In going only half way, and failing to consider Respondent's patents individually, the court of appeals left a serious injustice uncorrected.

The doctrine of estoppel was created to prevent such injustices. It is founded on the public policy that prevents a litigant from taking one position in order to serve his own interests, and later taking a contradictory position to the detriment of his opponent. Petitioner acted in good faith, and in the public interest, by entering into a consent decree, abandoning those formulations which were the subject of the decree, and adopting new formulations which Respondent in effect invited the Petitioner to adopt in its infringement charge. In the contempt proceeding now before this Court, Petitioner is being punished for its conduct in following the trial marked out by the Respondent. Respondent should be estopped from asserting contempt insofar as the '820 quinone patent is concerned, and certiorari is sought to provide this result.

If the result in this litigation is allowed to stand, parties to patent litigation will be at the mercy of the whims of a patentee who decides to charge only certain products with infringement, while excluding others—even though he is aware of the exact formulation of each product. Thereafter, he may return to the court and assert that the prod-

ucts which were excluded from the original infringement charge now place his opponent in contempt. Contempt proceedings are extraordinary proceedings, and can involve harsh penalties in addition to ordinary damages. Such a procedure is an unwarranted denial of the most elemental aspects of justice and fair play, and it is respectfully submitted that this Court should grant certiorari in order to prevent such an injustice.

**B. There is a conflict in the circuits as to whether or not the prior art must be considered in determing whether a patent is infringed in a contempt proceeding. This Court should grant certiorari to resolve this conflict, and to guarantee a full hearing to persons charged with contempt, as is consonant with the provisions of the Fifth Amendment of the the Constitution of the United States.**

The conflict in the circuits is clear. In *Chemical Cleaning, Inc.* v. *Dow Chem. Co.*, 379 F.2d 294, 297 (5th Cir. 1967), *cert. denied*, 389 U.S. 1040 (1968), an attempt was made to have prior art considered in a contempt proceeding. In response to this attempt, the court stated:

> Furthermore, proof that CCI was practicing an expired patent should have been adduced at the original infringement proceeding. CCI's contentions on this point must be rejected and we conclude that the District Court's finding . . . must be affirmed.

In *Ransburg Electro-Coating Corp.* v. *Ionic Electrostatic Corp.*, 395 F.2d 92, 96 (4th Cir. 1968), *cert. denied*, ——U.S. ——, the court held directly to the contrary, asserting that prior art may be introduced in a contempt proceeding:

> Regardless of the answers to all of these questions arising out of an interpretation of the language of the injunction, consideration must be given to the prior art for it was never intended, of course, that the injunction should prohibit its practice.

It is Petitioner's position that the *Ransburg* case represents the sound view, and indeed the only view that is consonant with the due process clause of the Fifth Amendment. Furthermore, *Ransburg* is the only view that is in accord with the overwhelming weight of public policy that the public is entitled to practice that which is in the public domain, free and clear of any patent monopoly.

In *Westinghouse Elec. & Mfg. Co.* v. *Formica Insulation Co.*, 266 U.S. 342, 350-51 (1924), this Court considered a situation where a party was estopped to deny the validity of a patent because he was an assignor. The assignor claimed, however, that the estoppel did not prevent him from practicing the teachings of the prior art, which is part of the public domain. Agreeing with this contention, this Court stated:

> As between the owner of a patent and the public, the scope of the right of exclusion granted is to be determined in the light of the state of the art at the time of the invention. Can the state of the art be shown in a suit by the assignee of a patent against the assignor for infringement to narrow or qualify the construction of the claims and relieve the assignor from the charge? . . . *We think, however, that the better rule, in view of the peculiar character of patent property, is that the state of the art may be considered. Otherwise the most satisfactory means of measuring the extent of the grant the Government intended and which the assignor assigned would be denied to the court in reaching a just conclusion.* [Emphasis added.]

The *Formica* decision was approved and extended by this Court in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 257 (1945). After approving the *Formica* decision, this Court stated:

> It follows that the patent laws preclude the petitioner assignee from invoking the doctrine of estoppel, as a means of continuing as against respondent, his assignor, the benefit of an expired monopoly, and they

> preclude the assignor from estopping himself from enjoying rights which it is the policy of the patent laws to free from all restrictions.

It is Petitioner's view that the decision of the trial court in the present litigation, which was not overturned by the court of appeals, is totally irreconcilable with the clear statements of this Court in *Formica* and in *Scott,* namely, that the public has a right to practice that which is within the prior art. It is unthinkable that the "form" of a patent proceeding (contempt v. infringement action) can solely determine whether the prior art can be considered. It was never intended in patent infringement actions that the patent claims would be interpreted in the context of the prior art, while in contempt proceedings patent claims would be interpreted in a vacuum. Such a double-standard was never contemplated by the patent system. Further, to interpret the claims broadly in a vacuum (and unlawfully extend the patent monopoly), for the purpose of finding contempt, violates the principles of the patent system and the public interest. It is submitted that this Court should grant certiorari to secure to the public the free use of that which is within the public domain.

## CONCLUSION

It is urgent that this Court grant certiorari to establish fundamental principals of justice and fair play in patent contempt proceedings, as well as to resolve a conflict in the circuits, thereby guaranteeing to those operating under injunctions, that fundamental due process of law secured by the United States Constitution. The present case provides a dramatic example of unwarranted unfairness and denial of such due process.

Respectfully submitted,

GRANGER COOK, JR.
DAVID A. ANDERSON

HUME, CLEMENT, HUME & LEE
38 South Dearborn Street
Chicago, Illinois 60603

*Attorneys for Petitioner, Broadview Chemical Corporation*

*Of Counsel:*

JAMES P. HUME
HENRY L. BRINKS

March 11, 1969